

City of Houston, Texas, Ordinance No. 2015- 1294

**AN ORDINANCE DESIGNATING THE UNITED PARCEL SERVICE, INC. AND BT-OH, LLC REINVESTMENT ZONE FOR TAX ABATEMENT PURPOSES PURSUANT TO ARTICLE IV OF CHAPTER 44 OF THE CODE OF ORDINANCES, HOUSTON, TEXAS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EMERGENCY.**

\* \* \* \* \*

**WHEREAS**, the encouragement of new and existing development and investment and the creation and retention of job opportunities in the City of Houston is paramount to the City's continued economic development; and

**WHEREAS**, United Parcel Service, Inc. ("UPS") desires to construct a "Facility," as defined in Section 44-121 of Chapter 44 of the Code of Ordinances, Houston, Texas, as amended (the "Code"), to be used and occupied by UPS for the distribution of parcels; and

**WHEREAS**, BT-OH, LLC, a wholly-owned subsidiary of UPS, owns the real property against which ad valorem taxes levied will be partially abated, and UPS owns the personal property against which personal property taxes levied will be partially abated; and

**WHEREAS**, UPS filed a written request for tax abatement dated June 6, 2015, in accordance with Section 44-123 of the Code; and

**WHEREAS**, UPS and BT-OH, LLC (collectively "UPS") represents and warrants that it will invest approximately \$59 million in capital improvements and \$60 million in personal property at the Facility in the proposed reinvestment zone; and

**WHEREAS**, UPS represents and warrants that it will retain employment for at least 2,535 Permanent Employees within the proposed reinvestment zone to be known as the "United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone" (the "Zone") and continuing through the term of the tax abatement agreement executed between the City and UPS approved simultaneously with this Ordinance by City Ordinance No.

2015-\_\_\_\_\_;<sup>1</sup> and

**WHEREAS**, UPS represents that its proposed improvements will provide an economic benefit to the City, when the economic qualifications of Section 44-127(g) of the Code are taken into account; and

**WHEREAS**, UPS represents that its proposed improvements are necessary because capacity cannot be provided using UPS's existing properties; and

**WHEREAS**, City Council held a public hearing on December 16, 2015, on the designation of the Zone; and

**WHEREAS**, the City's Office of the Mayor, Economic Development has been provided financial information related to the tax abatement, attached hereto as **Exhibit A** and made a part hereof for all purposes, and recommends that the Zone be designated; and

**WHEREAS**, it is reasonably likely that designation of the Zone will contribute to the retention or expansion of primary employment and will attract major investment in the Zone that will be a benefit to the property and that will contribute to the economic development of the City; and

**WHEREAS**, the improvements sought to be constructed and installed within the Zone are feasible and practicable and will be of benefit to the land to be included within the Zone and to the City; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:**

**Section 1.** That the findings and recitals contained in the preamble of this Ordinance are found to be true and correct and are adopted as part of this Ordinance for all purposes.

**Section 2.** That the City hereby establishes and designates a reinvestment zone to be known as the "United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone" for the purpose of encouraging economic development through commercial or

---

<sup>1</sup> Ordinance number to be inserted by City Secretary.

industrial tax abatement. This designation shall be effective for five (5) years from the effective date of this Ordinance.

**Section 3.** That the Zone encompasses approximately 68.4 acres of land, as shown on **Exhibit B** attached hereto and made a part hereof for all purposes.

**Section 4.** That the City Council hereby authorizes the Chief Development Officer of the City's Office of the Mayor, Economic Development (the "Director") to evaluate and determine if the improvements proposed by the owners of taxable real property and personal property within the Zone are consistent with the findings in this Ordinance and the Code. If the improvements are found to be consistent, the Director shall prepare and submit to City Council for approval a tax abatement agreement with the property owners for specific improvements that are consistent with the provisions of this Ordinance and the Code.

**Section 5.** That this Ordinance shall serve as notice of the establishment of the United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone by the City to every taxing unit that includes property within its boundaries that is located within the boundaries of the Zone, and the City Secretary is hereby directed to send certified copies of this Ordinance to all affected taxing units.

**Section 6.** That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

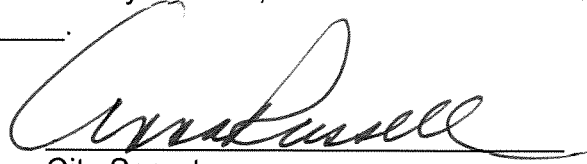
**PASSED AND ADOPTED** this 16<sup>th</sup> day of December, 2015

**APPROVED** this \_\_\_\_ day of \_\_\_\_\_, 2015

---

Mayor of the City of Houston













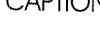



Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 22 2015.

  
City Secretary

Prepared by Legal Department Donna Capps *END*  
DRC:drc December 9, 2015 Assistant City Attorney  
Requested by Andy Icken, Chief Development Officer, Office of the Mayor

L.D. File No. 0421500185001

G:\REAL ESTATE\TAX ABATEMENT\UPS\ORD FINAL UPS Zone 12-9-15.docx

AYE	NO	
		<b>MAYOR PARKER</b>
....	....	<b>COUNCIL MEMBERS</b>
		STARDIG
ABSENT	ABSENT	DAVIS
		COHEN
		BOYKINS
		MARTIN
		NGUYEN
		PENNINGTON
		GONZALEZ
		GALLEGOS
		LASTER
		GREEN
		COSTELLO
		ROBINSON
		KUBOSH
		BRADFORD
		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT  
REVIEW DATE: DEC 22 2015

MAY 017 Rev. 01/14

**EXHIBIT A**

**FINANCIAL INFORMATION RELATED TO THE TAX ABATEMENT**

# UPS Tax Abatement Projection

Tax Year	Calendar Year	COH Tax Rate	Taxable Value (Real Property)	Taxable Value (Equipment)	Taxable Value (Real Property) at 80% cost	City of Houston Abatement 75% (Improvement)	City of Houston Abatement 75% (Equipments)	Total Abatement	Taxable Value Growth Scenario
2016	2016	0.0060112	-	-	-	-	-	-	-
2017	2017	0.0060112	-	-	-	-	-	-	-
2018	2019	0.0060112	60,000,000	71,000,000	48,000,000	216,403	320,096	536,500	0.00%
2019	2020	0.0060112	62,400,000	66,500,000	49,920,000	225,059	299,809	524,868	4.00%
2020	2021	0.0060112	64,896,000	63,175,000	51,916,800	234,062	284,818	518,880	4.00%
2021	2022	0.0060112	67,491,840	60,016,250	53,993,472	243,424	270,577	514,001	4.00%
2022	2023	0.0060112	70,191,514	57,015,438	56,153,211	253,161	257,048	510,210	4.00%
2023	2024	0.0060112	72,999,174	54,164,666	58,399,339	263,288	244,196	507,484	4.00%
2024	2025	0.0060112	75,919,141	51,456,432	60,735,313	273,819	231,986	505,805	4.00%
2025	2026	0.0060112	78,955,907	48,883,611	63,164,725	284,772	220,387	505,159	4.00%
2026	2027	0.0060112	82,114,143	46,439,430	65,691,314	296,163	209,368	505,530	4.00%
2027	2028	0.0060112	85,398,709	44,117,459	68,318,967	308,009	198,899	506,908	4.00%
2028	2029	0.0060112	87,960,670		70,368,536				3.00%
2029	2030	0.0060112	90,599,490		72,479,592				3.00%
2030	2031	0.0060112	93,317,475		74,653,980				3.00%
2031	2032	0.0060112	96,116,999		76,893,599				3.00%
2032	2033	0.0060112	99,000,509		79,200,407				3.00%
2033	2034	0.0060112	101,970,524		81,576,419				3.00%
2034	2035	0.0060112	105,029,640		84,023,712				3.00%
2035	2036	0.0060112	108,180,529		86,544,423				3.00%
2036	2037	0.0060112	111,425,945		89,140,756				3.00%
2037	2038	0.0060112	114,768,723		91,814,979				3.00%

10 Yr	\$2,598,160	\$2,537,185	\$5,135,345
NPV (10 Yr)	\$2,236,157	\$2,236,659	\$4,472,816

## Assumptions:

Building leasehold improvements: \$59,663,117 (as reported in pro-forma)

Processing Equipments/Conveyors: \$ 70,721,843 (as reported in pro-forma)

Annual Growth at 4% for the first 10 (ten) years.

Equipment depreciation is 5% per year

NPV= 3.25%

## **EXHIBIT B**

### **DESCRIPTION OF THE UNITED PARCEL SERVICE, INC. AND BT-OH, LLC REINVESTMENT ZONE**

**Street Address:** 11802 N. Gessner Road, Houston, Texas

**Legal Description:**

Being a tract of land containing 68.409 acres located in the William H. York 1/3 League, Abstract Number 943, in Harris County, Texas; Said 68.409 acre being out of Unrestricted Reserve "A" of Beltway Crossing Northwest, a subdivision of record in Film Code Number (F.C. No.) 659146 of the Harris County Map Records (H.C.M.R.); Said 68.409 acre tract being more particularly described by metes and bounds as follows (all bearings are referenced to the record subdivision plat of said Beltway Crossing Northwest):

BEGINNING, at a ½-inch iron rod found at the northwest corner of said Unrestricted Reserve "A" and the southwest corner of Unrestricted Reserve "A" of Costa Vizcaya, a subdivision of record in F.C. No. 618159 of the H.C.M.R, on the east Right-of-Way (R.O.W.) line of Gessner Road (one hundred feet wide per Harris County Clerk's File (H.C.C.F.) No.(s) M428088, P470456 and P47057);

THENCE, North 88° 44' 22" East, with the line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and Unrestricted Reserve "A" of said Costa Vizcaya, a distance of 1,199.13 feet to a 5/8-inch capped iron rod found at the northeast corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the northwest corner of a called 10.366 acre tract of land described as Exhibit "K" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452;

THENCE, South 01° 40' 22" East, with the most northerly east line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the west line of said 10.366 acre tract, a distance of 1,505.15 feet to a 5/8-inch capped iron rod found at the southwest corner of said 10.366 acre tract;

THENCE, North 88° 43' 15" East, with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 10.366 acre tract, at a distance of 300.00 feet pass a 5/8-inch iron rod found at the southeast corner of said 10.366 acre tract and the southwest corner of a called 40.730 acre tract of land described as Exhibit "B" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452, and continuing with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 40.730 acre tract in all a distance of 543.87 feet to a 5/8-inch capped iron rod set for the most easterly northeast corner of the herein described tract;

THENCE, through and across Unrestricted Reserve "A" of said Beltway Crossing Northwest, the following two (2) courses:

1. South 02° 03' 28" East, a distance of 670.65 feet to a 5/8-inch capped iron rod set for the

southeast corner of the herein described tract;

2. South  $87^{\circ} 56' 27''$  West, a distance of 1,732.71 feet to a 5/8-inch capped iron rod set for the southwest corner of the herein described tract, on the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the east R.O.W. line of said Gessner Road, from which a 5/8-inch capped iron rod found at the southwest corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest bears South  $02^{\circ} 03' 28''$  East, a distance of 1,172.20 feet;

THENCE, North  $02^{\circ} 03' 28''$  West, with the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and with the east R.O.W. line of said Gessner Road, a distance of 2,199.87 feet to the POINT OF BEGINNING and containing 68.409 acres of land.



